

SENATE BILL REPORT

SB 5168

As of January 24, 2007

Title: An act relating to sales tax refunds for low-income students.

Brief Description: Creating a sales tax refund for low-income students.

Sponsors: Senators Shin, Kastama, Kauffman, Kilmer and Kohl-Welles.

Brief History:

Committee Activity: Higher Education: 1/24/07.

SENATE COMMITTEE ON HIGHER EDUCATION

Staff: Aldo Melchiori (786-7439)

Background: The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. Sales tax is paid by the purchaser and collected by the seller. The use tax is imposed on items used in the state that were not subject to the retail sales tax and includes purchases made in other states and from sellers who do not collect Washington sales tax. The retail sales and use tax is imposed at a 6.5 percent rate by the state. In addition, state law allows for 17 different local option sales and use taxes for purposes including but not limited to transportation, criminal justice, public safety, public facilities, zoos and sports stadiums.

Summary of Bill: Quarterly, resident taxpayers may apply for a refund of sales tax collected if they: (1) have qualified for the state need grant for higher education; or (2) are eligible for the federal food stamp program or state-funded basic food benefits. The applicants must be enrolled in an institution eligible to serve students receiving financial aid under the federal Higher Education Act.

To apply, the students return a completed quarterly refund form to the Department of Revenue. The quarterly refund is equal to three hundred dollars or 0.00625 times the state's median income as determined by the Employment Security Department, whichever is higher.

Appropriation: None.

Fiscal Note: Requested on January 15, 2007.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff Summary of Public Testimony: PRO: This is an aggressive idea to make post-secondary education more affordable. The money returned to students would be used to purchase items in Washington on which sales tax would be due. There is need for a provision stating that the students actually paid sales tax in the first place.

Persons Testifying: PRO: Chris Reykdahl, State Board for Community and Technical Colleges; Jim Thomas, Department of Revenue.